REMARKS

Claims 1-4, 43-46, and 90-103 are currently pending in the present application. Claims 1-4, 43-46, and 90-103 stand rejected. Claims 1, 43, 90, and 98 were amended. No claims were added or cancelled. Reconsideration of the pending claims is requested in light of the present amendments and remarks is respectfully requested.

Rejections Under 35 U.S.C. § 102(e)

The Examiner has rejected claims 1-3, 43-45, and 90 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,263,446 to Kausik et al. Applicants respectfully traverse the rejection.

Applicants respectfully submit that Kausik does not anticipate claim 1. Claim 1, as amended herein, is directed to a method for conducting a transaction. Among other elements, claim 1 requires issuing a challenge to a third server and forwarding the challenge from said third server to the user, wherein said challenge is passed to an intelligent token for processing said challenge, wherein said intelligent token generates a response to said challenge; receiving said response at said third server from the user based upon said challenge; and processing said response at said third server to verify the intelligent token.

Kausik is directed to obtaining an authentication credential usable to conduct an electronic transaction. Kausik teaches using a credential server to ***directly*** send a user a challenge in the form of a shared secret that has previously been associated with the user during the set-up phase. (See Kausik, col. 4, lns. 13-17). The user provides a response to the challenge ***directly*** to the credential server. The challenge server processes the response to determine if the user provided a correct answer to the credential server. If the user provides a correct answer to the credential server, the credential server obtains the user's

wallet from the wallet database. (See Kausik, col. 4, lns. 13-18). However, Kausik fails to teach a credential server (first server) that issues a challenge to a wallet server (third server) that forwards the challenge to the user, receiving a response to the challenge at the wallet server (third server) and processing the response to the challenge at the wallet server (third server). Instead, Kausik issues a challenge ***directly*** to the user, the user provides a response ***directly*** to the credential server, and the credential server processes the response to the challenge at the credential server. The wallet server, as disclosed by Kausik, does not process the response to the challenge to determine if the response is correct.

Conversely, in the claimed invention, the wallet server (third server) acts as a proxy for the user during the transaction. With that in mind, the wallet server receives the issued challenge, forwards the issued challenge to the user, and processes the response to the challenge to verify the user's identity. This added security, which is not disclosed, taught, suggested by Kausik, provides the claimed invention with added confidence in the identity of the user, thereby justifying a lower discount rate for the transaction. (See Application, pg. 26, lns. 9-12).

Indeed, Applicants further submit that there is no suggestion to modify Kausik to include the claimed method where a credential server issues a challenge to a wallet server that forwards the challenge to the user. Kausik is intended for the rapid deployment of credentials and in that manner, the credential server issues the challenge directly to the user. (See. Kausik, col. 2, lns. 60-62). Conversely, the claimed invention provides added security because the credential server must issue the challenge to the wallet server that forwards the challenge to the user. Issuing a challenge to a wallet server that forwards the challenge to the user in the manner of the claimed invention would subvert the intended goal of Kausik because the speed at which the challenge is issued to the user is reduced.

As a result, Applicants respectfully submit that Claim 1 is patentable over Kausik. Additionally, claims 2-4 depend on claim 1, and include all of its elements. Therefore, Applicants respectfully submit that claims 2-4 are also patentable over Kausik.

Similarly, Applicants respectfully submit that Kausik does not anticipate claim 43. Claim 43, as amended herein, is directed to a method of conducting a transaction. Among other elements, claim 43 requires issuing a challenge to a third server and forwarding the challenge from said third server to the user, wherein said challenge is passed to an intelligent token for processing said challenge, wherein said intelligent token generates a response to said challenge; receiving said response at said third server from the user based upon said challenge; and processing said response at said third server to verify the user. As noted with respect to claim 1, Kausik fails to disclose, teach, or suggest a credential server (first server) that issues a challenge to a wallet server (third server) that forwards the challenge to the user, receiving a response to the challenge at the wallet server (third server) and processing the response to the challenge at the wallet server (third server). Similarly, Applicants submit that there is no suggestion to modify Kausik to include the claimed step of issuing a challenge to a wallet server that forwards the challenge to user because Kausik is intended for rapidly deploying challenges to the user rather than providing additional security as described above.

As a result, Applicants respectfully submit that Claim 43 is patentable over Kausik. Additionally, claims 44-46 depend on claim 43, and include all of its elements. Therefore, Applicants respectfully submit that claims 44-46 are also patentable over Kausik.

Moreover, Applicants respectfully submit that Kausik does not anticipate claim 90. Claim 90, as amended herein, is directed to a method of conducting a transaction. Among other elements, claim 90 requires issuing a challenge to a third server and forwarding the

challenge from said third server to the user, wherein said challenge is passed to an intelligent token for processing said challenge, wherein said intelligent token generates a response to said challenge; receiving said response at said third server from the user based upon said challenge; and processing said response at said third server to verify the intelligent token. As noted with respect to claim 1, Kausik fails to disclose, teach, or suggest a credential server (first server) that issues a challenge to a wallet server (third server) that forwards the challenge to the user, receiving a response to the challenge at the wallet server (third server) and processing the response to the challenge at the wallet server (third server). Similarly, Applicants submit that there is no suggestion to modify Kausik to include the claimed step of issuing the challenge to a wallet server that forwards the challenge to user because it Kausik is intended for rapidly deploying challenges to the user rather than providing additional security as described above.

As a result, Applicants respectfully submit that Claim 90 is patentable over Kausik. Additionally, claims 91-97 depend on claim 90, and include all of its elements. Therefore, Applicants respectfully submit that claims 91-97 are also patentable over Kausik.

Rejections Under 35 U.S.C. § 103(a)

The Examiner has rejected claims 4, 46, and 91-103 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,263,446 to Kausik et al and further in view of U.S. Patent No. 6,873,974 to Schutzer. Applicants respectfully traverse the rejection.

Applicants respectfully submit that claim 98 is not unpatentable over Kausik in view of Schutzer. Claim 98, as amended herein, is directed to a method for conducting an electronic purchase transaction. Among other elements, claim 98 requires issuing a challenge to a third server and forwarding the challenge from said third server to the user,

wherein said challenge is passed to an intelligent token for processing said challenge, wherein said intelligent token generates a response to said challenge; receiving said response at said third server from the user based upon said challenge; and processing said response at said third server to verify the intelligent token. As noted with respect to claim 1, Kausik fails to disclose, teach, or suggest a credential server (first server) that issues a challenge to a wallet server (third server) that forwards the challenge to the user, receiving a response to the challenge at the wallet server (third server) and processing the response to the challenge at the wallet server (third server). Similarly, Applicants submit that there is no suggestion to modify Kausik to include the claimed step of issuing the challenge to a wallet server that forwards the challenge to user because it Kausik is intended for rapidly deploying challenges to the user rather than providing additional security as described above. Applicant's also further submit that Schutzer fails to disclose, teach, or suggest the above-identified elements.

As a result, Applicants respectfully submit that Claim 98 is patentable over Kausik in view of Schutzer. Additionally, claims 99-103 depend on claim 98, and include all of its elements. Therefore, Applicants respectfully submit that claims 99-103 are also patentable over Kausik.

The Examiner has also rejected claims 4, 46, and 91-97 as unpatentable over Kausik in view of Schutzer. Claims 4, 46, and 91-97 depend on claims 1, 43, and 90, respectively, and include all the elements of their respective independent claims. Therefore, Applicants respectfully submit that these claims are also patentable over Kausik in view of Schutzer.

CONCLUSION

In view of the foregoing remarks and amendments, Applicants respectfully submit that all of the claims in the Application are in allowable form and that the Application is

now in condition for allowance. If, however, any outstanding issues remain, Applicants urge the Examiner to telephone Applicants' attorney so that the same may be resolved and the Application expedited to issue. Applicants respectfully request the Examiner to indicate all claims as allowable and to pass the Application to issue.

Respectfully submitted,

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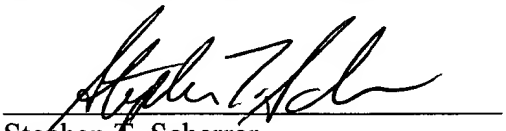

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